

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 09662 271200Z

51

ACTION XMB-07

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 SCEM-02 NSC-10

SS-15 STR-08 CEA-02 L-03 H-03 SAJ-01 DOTE-00 FPC-01

RSR-01 /164 W

----- 071278

R 270845Z JUL 73O

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5686

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 9662

DEPT PASS EXIM BANK

E.O. 11652: GDS

TAGS: ENRG, JA, US, UR

SUBJ: SIBERIAN DEVELOPMENT: YAKUTSK GAS

REF: A. TOKYO 9275; B. TOKYO 8481

SUMMARY: JAPANESE EXIMBANK PRESIDENT SUMITA WOULD LIKE TO VISIT US EXIMBANK TO DISCUSS TERMS AND CONDITIONS OF CREDITS TO BE EXTENDED FOR YAKTUSK NATURAL GAS PROJECT, PARTICULARLY EXPLORATION PHASE. DESIRED DATES OF PROPOSED VISIT NOT DEFINITELY SET, BUT REQUEST FOR VISIT WITHIN NEXT MONTH LIKELY. EMBASSY BELIEVES THESE TALKS DESIRABLE.

1. EMBASSY HAS BEEN ADVISED BY TOKYO GAS REP THAT HIROSHI ANZAI, CHAIRMAN OF BOARD OF TOKYO GAS, MET WITH FINANCE MINISTER KIICHI AICHI JULY 23 TO DISCUSS RESULTS OF JAPAN-USSR TALKS ON YAKUTSK DEVELOPMENT. DURING MEETING, ANZAI REPORTEDLY STRESSED TO AICHI NEED FOR CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 09662 271200Z

CLOSE COORDINATION BETWEEN US AND JAPAN ON FINANCING

ARRANGEMENTS FOR YAKUTSK PROJECT, PARTICULARLY ON IMMEDIATE ISSUE OF CREDITS FOR EXPLORATION PROJECT. THIS ESSENTIAL, ANZAI SAID, TO AVOID SOVIETS PLAYING US AND JAPAN OFF AGAINST ONE ANOTHEG IN ATTEMPT TO OBTAIN MOST FAVORABLE CREDIT TERMS. SPECIFICALLY, ANZAI RECOMMENDED THAT JAPANESE EXIMBANK PRESIDENT SUMITA, PRIOR TO HIS PROJECTED TRIP TO MOSCOW IN MID-AUGUST (SEE REFTEL A, PARA 3), SHOULD VISIT US FOR TALKS AT US EXIMBANK.

2. ACCORDING TOKYO GAS SOURCE, AICHI ACCEPTED ANZAI'S RECOMMENDATION AND INSTRUCTED SUMITA TO VISIT US EXIMBANK AS SOON AS FEASIBLE TO CONSULT ON DETAILS OF FINANCING FOR YAKUTSK EXPLORATION PROJECT.

3. ECONCOM/MIN CALLED ON EXIM PRESIDENT SUMITA JULY 26 TO DISCUSS PROJECTED TRIP TO US. SUMITA GAVE SIMILAR ACCOUNT OF ANZAI-AICHI MEETING. ADDED THAT SOVIETS HAD INDICATED THROUGH ANZAI THAT THEY PREPARED TO RECEIVE SUMITA AFTER AUGUST 15 TO DISCUSS CREDIT ARRANGEMENTS. EMBASSY LATER LEARNED THAT JAPAN EXIM HAS REQUESTED CONSULTATIONS WITH SOVIETS BE HELD AUGUST 22-23. SUMITA SAID HE BELIEVED IT WOULD BE MOST DESIRABLE TO SEE EXIM PRESIDENT KEARNS PRIOR TO VISIT TO MOSCOW.

4. SUMITA NOTED THAT SOVIETS MAY NOT LIKE THE IDEA OF HIS VISITING WASHINGTON AND THE PROCEEDING TO MOSCOW BECAUSE OF THEIR INSISTENCE ON SEPARATE NEGOTIATIONS BETWEEN US-USSR AND JAPAN-USSR ON YAKUTSK. DESPITE THIS, HOWEVER, SUMITA SAID HE INCLINED GO DIRECTLY FROM US TO USSR. SUMITA THEN NOTED THAT US-USSR TALKS ON YAKUTSK WERE APPARENTLY SCHEDULED FOR LATE AUGUST OR EARLY SEPTEMBER. ADDED THAT HE HAD NOT DECIDED WHETHER TO TRY TO VISIT US (AND USSR) BEFORE OR AFTER THESE TALKS. HE SAID HOWEVER THAT HE WOULD TRY TO PROVIDE ECONCOM/MIN WITH DATES THAT MIGHT BE SUITABLE BEFORE JULY 28.

5. ECONCOM/MIN INFORMED VISITING PRES. OF OCCIDENTAL OIL CORP, DR. ARMAND HAMMER, OF POSSIBLE VISIT OF SUMITA ON GROUNDS THAT IF VISIT TOOK PLACE KEARNS MIGHT APPRECIATE HAVING FULL BRIEFING BY POSSIBLE US PARTICIPANTS. HAMMER THOROUGHLY CONCURRED AND CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 09662 271200Z

STATED HE WOULD PHONE ASSOCIATES IN WASHINGTON AND REQUEST THAT THEY FULLY BRIEF HENRY KEARNS RE LATEST DEVELOPMENTS.

6. COMMENT: EMBASSY BELIEVES THAT INFORMAL CONSULTATIONS BETWEEN THE TWO EXIMBANKS WOULD BE COMPLETELY CONSISTENT WITH US STATEMENTS AT RECENT ECONCOM SESSIONS REGARDING US DESIRE TO COOPERATE WITH JAPANESE IN FIELD OF SIBERIAN DEVELOPMENT AND NEED TO AVOID BEING WHIPSAWED

BY SOVIETS IN DOING SO. EMBASSY RECOMMENDS THAT USG
INDICATE WILLINGNESS TO CONSULT WITH JAPANESE ON TERMS
AND CONDITIONS OF POSSIBLE CREDIT ARRANGEMENTS FOR YAKUTSK
PROJECT.

7. ACTION REQUESTED: EMBASSY WOULD APPRECIATE RECEIV-
ING INDICATION AS TO WHETHER US EXIMBANK WILLING TO
RECEIVE SUMITA.
SHOESMITH

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